LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 7210 | **NOTE PREPARED:** Jan 7, 2004
BILL NUMBER: HB 1212 | **BILL AMENDED:**

SUBJECT: Net metering for alternate energy facilities.

FIRST AUTHOR: Rep. Dvorak | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: GENERAL | **IMPACT:** State
X DEDICATED
FEDERAL

Summary of Legislation: This bill provides standards for the interconnection of a net metering facility with an electric utility's distribution system. The bill provides that a net metering facility is eligible for interconnection if the facility: (1) produces electricity from solar, wind, or water resources; (2) has a nameplate capacity of two megawatts or less; (3) is located on the customer's premises; and (4) is used primarily to offset the customer's electricity requirements. The bill requires an eligible customer and the electric utility to execute a standard interconnection agreement before interconnection may occur. The bill requires an electric utility to offer net metering to eligible customers not later than the first monthly billing cycle that begins after June 30, 2004. The bill also allows an electric utility to limit the total nameplate capacity of all net metering facilities interconnected with its system to 1% of the electric utility's most recent summer peak load. The bill allows an electric utility to isolate certain net metering facilities if the electric utility determines that continued interconnection creates or contributes to a system emergency. It also specifies meter configurations and billing procedures for net metering customers. The bill requires an electric utility to submit an annual net metering report to the Utility Regulatory Commission (IURC).

Effective Date: Upon passage.

Explanation of State Expenditures: The bill will require the IURC to review and approve utilities' net metering tariffs and standard interconnection agreements for net metering facilities. The bill also allows the Commission to rules and procedures to implement the net metering requirements.

Any administrative impact caused by this proposal could be absorbed using the IURC's existing staff and resources.

Background on IURC and OUCC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2003, fees from the utilities and fines generated approximately $10.9M.

Explanation of State Revenues:

Explanation of Local Expenditures: Municipal utilities under the IURC's jurisdiction would be subject to the bill's requirements.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Regulated municipal utilities.

Information Sources: Testimony, Regulatory Flexibility Committee, 10/30/2003; IURC's Distributed Resources Workgroup, www.in.gov/iurc/utilities/energy/drw/drw_index.html

Fiscal Analyst: John Parkey, 317-232-9854.